



# **HUMAN RESOURCES/COMPENSATION COMMITTEE TERMS OF REFERENCE**

Reviewed by the Human Resources/Compensation Committee – April 14, 2016  
Reviewed by the Governance Committee – September 8, 2016  
Approved by the Board of Directors – November 23, 2016

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
1. OBJECTIVE .....	1
2. CONSTITUTION.....	1
3. SCOPE, DUTIES AND RESPONSIBILITIES .....	2
4. MEETINGS.....	5
5. MINUTES AND REPORTING RESPONSIBILITIES .....	6
6. SUPPORT TO THE COMMITTEE.....	6
7. CONFIDENTIALITY .....	7

## **1. OBJECTIVE**

The objective of the Human Resources/Compensation Committee of the Board shall be to oversee the overall employment environment of SaskEnergy, and be responsible for the Corporation's policies for human resource strategies, compensation and succession planning to ensure that SaskEnergy is a corporate leader in the development and implementation of proactive human resource strategies.

## **2. CONSTITUTION**

- 2.1 The Committee shall be comprised of a minimum of three (3) members of the Board, the majority of members to be independent Directors of the Corporation, pursuant to the standards for independence adopted by the Board.
- 2.2 At least one member of the Committee shall have expertise in public relations and communication matters. In the event there is no member with expertise in public relations and communications matters, upon adoption of the Committee's Terms of Reference, or upon appointment to the Committee, one of the Committee members shall undertake to develop public relations and communications expertise. That Committee member shall be granted a transition period to develop public relations and communications capabilities within a reasonable period of time after appointment, and shall report same to Chair of the Committee.
- 2.3 At least one member of the Committee shall have expertise in human resources and compensation matters. In the event there is no member with expertise in human resources and compensation matters, upon adoption of the Committee's Terms of Reference or upon appointment to the Committee, one of the Committee members shall undertake to develop human resources and compensation expertise. That Committee member shall be granted a transition period to develop human resources and compensation capabilities within a reasonable period of time after appointment, and shall report same to Chair of the Committee.
- 2.4 The Committee members shall be appointed by resolution of the Board. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by resolution of the Board or otherwise ceases to be a member of the Board.
- 2.5 Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board, and shall be filled by the Board if the membership of the Committee is less than three (3) members as a result of the vacancy.
- 2.6 The Board, or in the event of its failure to do so, the Committee, shall appoint a Chair from among the Committee members. If the Chair of the Committee is not

present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from among the members present.

- 2.7 The Chair presiding at any meeting of the Committee shall have a vote in all matters considered by the Committee. In the event of a tie, the motion is defeated.
- 2.8 The Secretary to the Board shall serve as Secretary to the Committee. If the Secretary is not present at any meeting of the Committee, the Committee may appoint an acting Secretary to perform the functions of the Secretary at that meeting.
- 2.9 The Committee shall assist with deliberations required for the fulfilment of the Board's mandate and those specific responsibilities and duties assigned to the Committee; however, unless specifically stated otherwise, the Committee shall act in advisory capacity only, recommending decisions to the Board for approval.

### **3. SCOPE, DUTIES AND RESPONSIBILITIES**

The Board vests with the Human Resources/Compensation Committee strategic responsibility for a broad range of employment and human resource issues. The Committee's primary responsibility is to ensure that the Corporation is a corporate leader in the development and implementation of policies for human resource strategies, compensation and succession at SaskEnergy.

#### **3.1 Human Resources:**

The Committee shall have the following duties, and responsibilities respecting human resources:

- 3.1.1 Review corporate reports on human resources issues and programs.
- 3.1.2 Review and make recommendations, where appropriate, to the Board regarding human resources policies.
- 3.1.3 Review the CEO Mandate as required, or at least every three (3) years, and recommend for approval any amendments to the Board;
- 3.1.4 Review and recommend to the Board, the performance objectives and developmental initiatives for the President and Chief Executive Officer for the upcoming year.
- 3.1.5 Conduct a mid-year review of the President and Chief Executive Officer's performance against the agreed upon performance objectives for the year.

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- 3.1.6 In conjunction with the Chair of the Board, undertake an annual performance review of the President and Chief Executive Officer. The review will be based on agreed upon objectives and developmental initiatives, updated each year. The Committee will share the results of the annual performance review with the Board.
  - 3.1.7 Annually review the Corporation's succession plan and report on same to the Board.
  - 3.1.8 Annually review the Corporation's diversity initiatives.
  - 3.1.9 Review and recommend to the Board any service contracts that in accordance with the corporate Expenditure Authorization Policy, requires the Board of Directors approval.
  - 3.1.10 Review periodically the monitoring and enforcement of and compliance with the Harassment Policy and the Respectful Workplace Policy.
  - 3.1.11 Review and monitor the effective management of risks specific to human resources and succession.
  - 3.1.12 Monitor compliance with applicable laws, regulations and review a summary of litigation including arbitration, pertaining to human resources matters.
  - 3.1.13 That the Committee, when necessary, take a lead role in recruiting and selecting a new President and Chief Executive Officer and recommend to the Board that the Board recommend to Crown Investments Corporation a candidate for President and Chief Executive Officer.

### **3.2 Compensation:**

The Committee shall have the following duties and responsibilities with respect to Compensation:

- 3.2.1 Review and recommend for approval, a comprehensive statement of compensation philosophy, strategy and principles for the Corporation.
- 3.2.2 Executive Compensation:
  - i) Executive Officers shall mean: President and Chief Executive Officer, Executive Vice President and Vice President.
  - ii) Annually review and monitor the compensation and benefit programs and policies for Executive Officers and recommend changes or new programs, where appropriate to the Board.
  - iii) Annually review the administration of benefits and compensation for Executive Officers to assess compliance with approved policies.

- iv) Annually review the total compensation paid to Executive Officers for the preceding year together with a reconciliation to each Executive Officers T4 slip for the preceding year.
- v) Annually receive and review reports from the President and Chief Executive Officer on the performance targets and performance evaluation for Executive Officers.
- vi) Review the appointment, exits, transfers and promotions of Executive Officers and related severance packages as necessary.
- vii) Review and approve any changes recommended by the President and Chief Executive Officer to the compensation levels for Executive Officers, other than the President and Chief Executive Officer.
- viii) Review and recommend to the Board, where appropriate, any changes to the compensation levels for the President and Chief Executive Officer.
- ix) Review and recommend to the Board the metrics for, the corporate year-end results for purposes of, and any payouts of the Short-Term Incentive Plan for Executive Officers.

### 3.2.3 Management Compensation:

- i) Annually review and monitor management compensation and benefit programs and policies and where the annual forecast of a new program or policy or a change in program or policy will be in excess of \$150,000, recommend the changes or new program to the Board.
- ii) Annually review the administration of all management benefit and compensation plans to assess compliance with approved policies.
- iii) Review and recommend to the Board the metrics for the Short-Term Incentive Plan for management.

### 3.2.4 In-Scope Compensation:

- i) Review and recommend to the Board collective bargaining mandates.
- ii) Review and recommend to the Board tentative settlements.
- iii) Annually review the administration of all in-scope compensation and benefit plans to assess compliance with approved policies.

3.2.5 Annually review and recommend to the Board for approval, and recommendation to CIC, the compensation levels for members and the Chair of the Board.

3.2.6 Review reports on any special compensation adjustments to employees that are outside of or in addition to those which were previously approved by the Committee.

3.2.7 Review and monitor the effective management of risks specific to compensation.

- 3.2.8 Review major public disclosures and shareholder communications related to compensation.
- 3.2.9 Monitor compliance with applicable laws, regulations and review a summary of litigation including arbitration, pertaining to compensation matters.

### **3.3 General Governance:**

The Committee shall have the following general duties and responsibilities to:

- 3.3.1 Adopt an Annual Work Plan to ensure that duties and responsibilities listed in the Terms of Reference are scheduled to be achieved.
- 3.3.2 Provide formal evaluation in writing on the performance of the Committee on a biennial basis.
- 3.3.3 Review annually, in conjunction with the Governance Committee, and report to the Board on the adequacy of the Committee's Terms of Reference.
- 3.3.4 Produce and provide to the Board an annual evaluation of the Committee, which evaluation shall compare the effectiveness of the Committee with the requirements of these Terms of Reference, including the Annual Work Plan.
- 3.3.5 Review and recommend to the Board for approval the human resources and compensation aspects of the Corporation's annual business plan.

## **4. MEETINGS**

- 4.1 The Committee shall meet a minimum of four (4) times a year, preferably quarterly.
- 4.2 A meeting of the Committee may be called by the Chair of the Committee, the Chair of the Board or the President and Chief Executive Officer of the Corporation or by any two (2) members of the Committee.
- 4.3 A quorum for meetings shall be three (3) directors present in person or by telephone or other telecommunications device that permits all persons participating in the meeting to speak and hear one another.
- 4.4 Reasonable notice, preferably (7) days before the meeting, shall be given in writing, by e-mail or by facsimile communication to each member of the Committee.
- 4.5 The Agenda and associated material shall be sent to each member of the Committee prior, preferably seven (7) days, to the time for such meeting.

- 4.6 A director may in any manner waive a notice of meeting, and attendance of a director at the meeting is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called.
- 4.7 The Committee shall have the right to determine who shall and shall not be present at any part of the meetings of the Committee, and may hold in camera sessions.

## **5. MINUTES AND REPORTING RESPONSIBILITIES**

- 5.1 An outline of material proceedings and deliberations addressed by the Committee, and all recommendations, decisions and directives of the Committee shall be recorded by the Secretary in the minutes of the meeting.
- 5.2 A draft copy of the minutes of such meeting, approved by the Committee Chair, shall be circulated to the Committee prior to the next Committee meeting where practicable, for approval by the Committee. A Committee member may request that the minutes be revised to include specific deliberations. Following approval of the minutes of the meeting by the Committee as a whole, if substantive revisions have been made to the draft minutes, the minutes approved by the Committee shall be re-circulated to the Committee.
- 5.3 Minutes shall be circulated to the Board prior to the next regular Board meeting.
- 5.4 A report of the Committee meeting shall be made at the next regular meeting of the Board. Reports to the Board may take the form of an oral or written report by the Chair of the Committee, or any other member of the Committee designated by the Committee to make the report.

## **6. SUPPORT TO THE COMMITTEE**

- 6.1 The Committee shall identify, through the Office of the President and Chief Executive Officer, or designate, the kind and frequency of information required by the Committee.
- 6.2 The Committee shall have access to any and all books and records of the Corporation required for the execution of the Committee's obligations and, as necessary, shall discuss with appropriate corporate officers and employees, coordinated through the Office of the President and Chief Executive Officer, such records and other relevant matters.
- 6.3 The Committee shall have the authority to retain external advisors, experts or consultants, in order to properly discharge its duties and responsibilities.



## **7. CONFIDENTIALITY**

- 7.1 All deliberations of the Committee, and all records, material and information pertaining to the Corporation obtained by a member of the Committee shall be considered confidential. Committee members shall maintain the confidentiality of such deliberations, and shall safeguard such records, material and information from improper access.